



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

**September 16, 2002**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**The First National Bank In Tremont  
Charter Number 13579**

**134 South Sampson Street  
Tremont, IL 61568**

**Comptroller of the Currency  
ADC-North Central Illinois & East Iowa  
111 West Washington Street Suite 300  
East Peoria, IL 61611**

**NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

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## **INSTITUTION'S CRA RATING**

This institution is rated **Satisfactory**.

A majority of the loans originated by the bank are within the assessment area. The bank's record of lending to borrowers of different income levels, including low- and moderate- income individuals, accurately reflects the demographics of the assessment area. The bank's record of lending to small businesses and small farms is good.

We did not identify any illegal discrimination or other illegal credit practices inconsistent with helping to meet community credit needs.

### **Description of Institution**

The First National Bank in Tremont (FNBT) is located in Tremont, Illinois, approximately 15 miles southeast of Peoria, Illinois. The bank had total assets of \$69 million at June 30, 2002.

- The bank established a branch in New Holland, Illinois, in September, 2001 with the purchase of a facility formerly housing a Union Planters Bank branch. It also has five cash dispensing ATMs in the area.
- FNBT is a wholly-owned subsidiary of Tremont Bancorp, Inc., a one-bank holding company.
- The bank has one affiliate, Tremont First Financial Services, which sells retail nondeposit investment products.
- Sixty-four percent of the bank's total assets are invested in loans. The loan portfolio includes \$27.4 million (62%) in real estate loans; \$8.3 million (19%) in commercial loans; \$4.8 million (10%) in loans for agricultural production and land, and \$4 million (9%) in consumer loans.
- FNBT is a community bank offering traditional banking services and lending products. It is particularly active in financing residential real estate, but also offers a wide variety of consumer and commercial/agricultural loans.
- There are no legal, financial or other factors impeding the bank's ability to help meet the credit needs in its AA.
- At the CRA examination dated March 11, 1997, the bank was rated "Satisfactory".

## **Loan Sampling and Data Integrity**

We considered all loans originated from March 31, 1998, to the present in our analysis, including commercial, agricultural, residential real estate and consumer loans. The portfolio is representative of the bank's business strategy. We did not identify any problems with data integrity. Publicly reported HMDA data was accurate.

## **Description of FNBT Assessment Area**

The bank's Assessment Area (AA) includes the following census tracts:

Tazewell County – 215, 216.04, 216.06, 217.01, 217.02, 219, 220  
Logan County – 9530, 9535

The AA includes approximately three-fourths of Tazewell County and half of Logan County. All of the census tracts are upper- or middle-income tracts. Tazewell County includes only six moderate-income tracts and two low-income tracts, all of which are a considerable distance from Tremont. Logan County has no low- or moderate-income tracts.

The AA is part of the Peoria Metropolitan Statistical Area 6120. According to 1990 census data, the population of the area is approximately 33,000. Within the AA, 12% of the families are low-income; 17% are moderate-income; 26% are middle-income and 45% are upper income.

The area economy continues to be strong. Employment opportunities are diverse, and the AA is not reliant on any one major employer. The two-county area has 17 banks, thrifts and finance companies, as well as Farm Credit Services, so competition is keen.

A community contact was made with a local Realtor in the course of the examination. The contact indicated local financial institutions are responsive to community credit needs and there are no significant unmet credit needs in the community.

The AA meets the requirements of the regulation. The AA is less than a whole MSA or geopolitical subdivision. As a community bank, FNBT does not attempt to compete with the larger Peoria, Pekin, Lincoln and Bloomington/Normal financial institutions in the MSA.

## **Conclusions about Performance Criteria**

The bank meets or exceeds all performance criteria. We analyzed the bank's record of lending to borrowers of different income levels for residential real estate purposes. By proxy, we used loan size to determine that the bank is lending to small businesses and small farms. Analysis of geographic distribution of loans is not meaningful since the AA does not include any low- or moderate-income census tracts.

## Loan-to-Deposit Ratio

Over the past 18 quarters, the loan-to-deposit ratio has averaged 87%, topping out at 95% on June 30, 1999. The ratio dropped to 76% at September 30, 2001, with the acquisition of the New Holland branch.

The bank's loan-to-deposit ratio is more than reasonable given the competitive market for financial services in the AA. FNBT ranks fifth in total asset size and third in loan-to-deposit among the 17 banks as of June 30, 2000. The range of total assets in the two counties is \$13 million to \$738 million. The range of loan-to-deposit ratios is 19% to 68%

## Lending in Assessment Area

A majority of the bank's loans were originated to borrowers within the bank's AA:

Table 1 - Lending in FNBT Assessment Area										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Commercial	21	58%	15	42%	372	19,131,10	56%	14,976,37	44%	34,107,47
	5		7			9		0		9
Residential R/E	14	64%	83	36%	229	10,882,28	69%	4,795,823	31%	15,678,10
	6					5				8
Agricultural	13	65%	73	35%	209	8,835,078	73%	3,290,857	27%	12,125,93
	6									5
Consumer	47	65%	25	35%	729	4,246,104	62%	2,565,829	38%	6,811,933
	0		9							
Total	96	63%	57	37%	1,53	43,094,57	63%	25,628,87	37%	68,723,45
	7		2		9	6		9		5

Source: Bank MIS—all originations since 3/31/98

## Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The bank's performance in lending to borrowers of different incomes meets the standard for satisfactory performance. It exceeds the standard for satisfactory performance in lending to small businesses and small farms.

The loan distribution of home purchase, home improvement and refinanced loans accurately reflects the income characteristics of the AA, which is predominantly middle- and upper-income.

We used loan size of the entire commercial and agricultural portfolios as a proxy for business and farm size. The bank has a considerable volume of smaller commercial and agricultural loans, indicating they are lending to small farms and small businesses.

<b>Table 2 - Borrower Distribution of Residential Real Estate Loans in Tremont AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of Number	% of AA Families	% of Number	% of AA Families	% of Number	% of AA Families	% of Number	% of AA Families
Home purchase	11%		22%		15%		53%	
Home Refinance	7%		23%		25%		45%	
HI	19%		12%		28%		42%	
AA Distribution		13%		17%		26%		45%

Source: Data reported under HMDA for 2000 and 2001 and year-to-date accumulated data

<b>Table 2C - Borrower Distribution of Loans to Businesses by Loan Size in Tremont AA</b>				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	245	78%	9,931,742	29%
\$100,001 - \$250,000	47	12%	7,388,861	22%
\$250,001 - \$500,000	25	7%	7,772,295	23%
\$500,001 - \$1,000,000	9	2%	6,961,959	20%
Over \$1,000,000	2	< 1%	2,052,622	6%

Source: Bank MIS; all originations since 3/31/98

<b>Table 2D - Borrower Distribution of Loans to Farms by Loan Size in Tremont AA</b>				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	176	84%	5,452,427	45%
\$100,001 - \$250,000	31	15%	5,158,508	43%
\$250,001 - \$500,000	2	1%	715,000	6%
Over \$500,000	1	< 1%	800,000	6%

Source: Bank MIS; originations since 3/31/98

### Geographic Distribution of Loans

We did not perform an analysis of the geographic distribution of loans since none of the census tracts in the AA are designated as low- or moderate-income areas.

### Responses to Complaints

FNBT has not received any complaints about its performance in helping to meet credit needs in the AA.

## **Fair Lending Review**

There were no recent public comments or consumer complaints to review. Examiners determined a comprehensive fair lending examination was not necessary in connection with the CRA evaluation this year, based on results of previous supervisory activities. The latest comprehensive fair lending exam was performed in 2000.

We did not identify any violations of the substantive provisions of the anti-discrimination laws and regulations or other illegal credit practices inconsistent with helping to meet community credit needs.